

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of
BILLY DAVID WYLIE
Former President of
Continental Savings Association,
Bellaire, Texas

OTS Order No. DAL-96-06

Date: February 22, 1996

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

Billy David Wylie ("Wylie"), a former President of Continental Savings Association, Bellaire, Texas ("Continental"), hereby submits this Stipulation and Consent to Issuance of Order To Cease and Desist ("Consent") to the Director of the Office of Thrift Supervision of the United States Department of the Treasury ("the OTS") for purposes of settlement in consideration of the OTS's forbearance from initiating administrative proceedings against Wylie on the basis of allegations regarding his actions or failure to act in his capacity as President of Continental or his participation otherwise in the conduct of the affairs of Continental.

The OTS has concluded that grounds, as set forth herein, exist to initiate an administrative proceeding against Wylie pursuant to Section 407(e) of the National Housing Act ("NHA"), 12 U.S.C. § 1730(e)(1) (1988), and Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) (1994). Without admitting or denying that such grounds exist, except those allegations set forth in paragraph 1 below, which are admitted, Wylie consents to the issuance of the accompanying Order to Cease and Desist ("Order").

1. Jurisdiction. Wylie admits the jurisdiction of the OTS over him and over the subject matter of this action pursuant to Section 407(e) of NHA, 12 U.S.C. § 1730(e) and Section 8(b) of the FDIA, 12 U.S.C. § 1818(b). Specifically, Wylie admits that:

(a) Continental Savings Association was a state savings association, as defined by Section 3(b) of the FDIA, 12 U.S.C. § 1813(b) (1994), that maintained its principal place of business in Bellaire, Texas, whose qualifying deposit accounts were insured by the Federal Savings and Loan Insurance Corporation ("FSLIC").

(b) As of August 9, 1989, the Director of the OTS succeeded to the interests and powers of the FHLBB, including its capacity as operating head of the FSLIC, with respect to the supervision and regulation of all savings associations insured by the Federal Deposit Insurance Corporation. 12 U.S.C. §§ 1462a(e); 1463(a) (1994).

(c) As of August 9, 1989, all rights, duties, orders, determinations and regulations of the FSLIC that arose under law applicable to Continental remained in effect, and penalties and liabilities incurred under law applicable to Continental, and to persons who participated in the conduct of its affairs, remained subject to remedial action by the OTS, unless otherwise limited. 1 U.S.C. § 109 (1994); 12 U.S.C. § 1462a(e); 12 U.S.C. § 1437 note (Sections 401(f) and (h) of FIRREA) (1994).

(d) Wylie was an officer and director of Continental and, accordingly, the OTS has authority to maintain this enforcement proceeding against Wylie. Id.; 12 U.S.C. §§ 1818(b). See 12 U.S.C. § 1813(q) (1994).

2. Grounds. The OTS has concluded as follows:

(a) During the period 1982 through 1985, Wylie approved loans by Continental without proper underwriting or adequate security that resulted in substantial losses to Continental;

(b) During the period 1982 through 1985, Wylie underwrote and approved loans by Continental that concealed losses at Continental and improperly created income that enabled Continental to declare dividends for Wylie's personal benefit;

(c) During the period 1982 through 1985, Wylie failed to disclose to Continental's Board of Directors material information regarding significant prospective loans and investments that ultimately failed and caused substantial losses to Continental.

3. Consent. Wylie consents to the issuance by the OTS of the Order. Wylie further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with

all applicable requirements of law.

4. Acknowledgement. Wylie acknowledges and states that he enters into this Consent knowingly and willingly, with full opportunity to consult counsel of his choice, and without any coercion or promises of any kind from, or reliance on any statements made by, the OTS or any officer, attorney, agent or employee thereof.

5. Finality. Wylie stipulates that, upon issuance of the Order, it is a final order that is effective and fully enforceable by the OTS, its successor(s) or an appropriate Federal banking agency under the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (1994).

6. Waivers. Wylie waives any right to the administrative hearing procedures provided by 5 U.S.C. §§ 554-557 (1994), 12 U.S.C. § 1818(b), 12 U.S.C. § 1818(h) (1994) or any other applicable provisions of law and further waives his right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, 12 U.S.C. § 1818(h), or otherwise to appeal or to challenge the validity of the Order.


7. Representations. The decision of the OTS to accept this Consent is predicated, in part, upon the accuracy of financial representations made by Wylie, including a current statement of his financial condition, which are made a part of this Consent agreement. Wylie understands that should the OTS discover that the financial representations made by him are materially incomplete or incorrect, including but not limited to the failure to identify and/or properly value any material asset or liability

in the statements, the OTS reserves the right to take at its election any action authorized by law, including but not limited to imposing civil money penalties under 12 U.S.C. § 1818(i) or initiating an administrative enforcement proceeding against him for monetary or other affirmative relief available under 12 U.S.C. § 1818(b).

8. Cooperation. Wylie agrees to cooperate with the OTS by providing truthful and complete information to the OTS, upon its request, concerning matters relating to Continental, any other savings association or any institution-affiliated party thereof, including, but not limited to, cooperation in any OTS administrative enforcement action concerning Continental.

9. Scope. Wylie acknowledges that this Consent, the Order, his compliance with the Order and the forbearance of the OTS to maintain administrative proceedings against him resolve all potential charges that the OTS could bring against Wylie based upon, or arising from, his participation in the conduct of the affairs of Continental, except for his failure to comply with the Consent and Order, and do not resolve, preclude or affect any other civil or criminal claim or proceeding that may be or has been brought against Wylie by any other person or by any other governmental entity.

WHEREFORE, in consideration of the foregoing and intending to be bound hereby, Wylie executes this Consent to Issuance of Order To Cease and Desist.


Billy David Wylie

NOTARIZATION

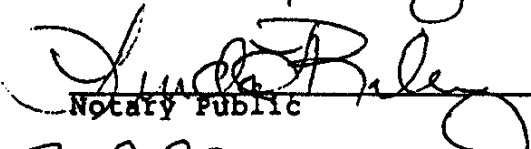
STATE OF TEXAS
COUNTY OF

)
) ss.

Billy David Wylie, being known to me, did subscribe to the foregoing in my presence, this 26th day of January, 1996.



LINDA L. RILEY
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
AUG. 18, 1997


Notary Public (SEAL)

My commission expires:

8-18-97

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In the Matter of)

BILLY DAVID WYLIE)

Former President of)

Continental Savings Association)
Bellaire, Texas)

OTS Order No. DAL-96-06

Date: February 22, 1996

ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision, based on examinations of Continental Savings Association, Bellaire, Texas ("Continental"), and other information, has concluded that Billy David Wylie, while President of Continental, engaged or participated in practices that provide the grounds for the issuance of an order against Wylie by the Director of the Office of Thrift Supervision ("the OTS"), pursuant to Section 407(e) of the National Housing Act, 12 U.S.C. § 1730(e) (1988), and Section 8(b) or the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) (1994);

WHEREAS, the OTS has determined that as a result of the aforementioned practices Wylie should be ordered to cease and desist from such practices and ordered to take affirmative corrective action to correct the conditions resulting from such practices; and

WHEREAS, Wylie has, in an effort to fully resolve and conclude this matter, agreed and consented to the issuance of this Order to Cease and Desist ("Order") by executing the accompanying Stipulation and Consent to Issuance of Order To Cease and Desist, which is incorporated herein by reference and is accepted and approved by the OTS, acting by and through its Midwest Regional Director; and

WHEREAS, the OTS has delegated to the Regional Directors of the OTS the authority to issue orders to cease and desist where the respondent has consented to the issuance of the order;

NOW, THEREFORE, IT IS ORDERED that Wylie shall not become (i) an officer, director or controlling stockholder of an insured depository institution, as described in 12 U.S.C. 1813(c)(2) and (3) (1994), or of a depository institution holding company, as defined in 12 U.S.C. § 1813(w)(1) (1994) or (ii) a director of an entity (other than a depository institution holding company) that is described in 12 U.S.C. § 1818(b)(3), (4) or (9) (1994) ("related entity") without the prior approval of the Regional

Director of the OTS for each such position (or if the institution is not regulated by the OTS, then with the approval an an appropriate senior official of the appropriate Federal banking agency); and

IT IS FURTHER ORDERED that Wylie shall not become a senior executive officer, as defined in 12 C.F.R. § 574.9(a)(2) (1995), of a related entity until January 1, 1998, without the prior approval of the Regional Director of the OTS for each such position (or, if the institution is not regulated by the OTS, then with the approval of an appropriate senior official of the appropriate Federal banking agency). On January 1, 1998, and thereafter, Wylie may become a senior executive officer of a related entity, provided that, for each such position, (i) Wylie gives advance written notice of his intention to become such an officer to an appropriate senior official of the appropriate Federal banking agency and (ii) he receives no objection from the agency within 30 days of such notice. The notice, or any application for approval required by this Order, shall identify the related entity, the insured depository institution with which the entity is affiliated and the position that Wylie will assume and state that the notice is given or the application is submitted pursuant to the terms of OTS Order No. DAL-96-06.

IT IS FURTHER ORDERED that Wylie, as an institution-affiliated party or as a director, senior executive officer, officer or employee of a related entity, shall not:

(1) violate any written rule or policy of an insured depository institution or related entity pertaining to the safety and soundness of the institution or entity;

(2) vote on or participate in any matter or transaction without completing appropriate due diligence, or ascertaining that another competent party has completed such due diligence, including, but not limited to, proper underwriting and obtaining adequate security for extensions of credit by the institution or entity:

IT IS FURTHER ORDERED that Wylie, as an institution-affiliated party or as a director, senior executive officer, officer or employee of a related entity, shall make full disclosure of all materially relevant information when a matter or transaction requires approval of the institution's or entity's board of directors or when a matter or transaction is discussed with a representative of an appropriate Federal banking agency.

IT IS FURTHER ORDERED that all technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as

applicable, have meanings as defined in the Code of Federal Regulations, Title 12, Chapter V (1995), or as defined in the FDIA, as currently in effect, and any words or terms undefined in the foregoing shall have meanings that accord with the best custom and usage in the thrift industry.

IT IS FURTHER ORDERED that this Order is subject to the provisions of Section 8(i) of the FDIA, 12 U.S.C. § 1818(i) (1994), and shall become effective on the date it is issued.

OFFICE OF THRIFT SUPERVISION

By:


FREDERICK CASTEEL
Regional Director
Midwest Regional Office

Date:


February 22, 1996